

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1134 - HB 1303**

March 23, 2015

**SUMMARY OF BILL:** Authorizes electric utilities operating cable, internet, and related services in their service area to operate cable internet, and related services outside of their service area with the permission of the cooperative or other utility operating in the area they want to serve.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue – Exceeds \$450,000/Permissive**

**Increase Local Expenditures – Exceeds \$450,000/Permissive**

Assumptions:

- This bill is not relevant to state government operations.
- Based on information obtained from the Tennessee Electric Cooperatives Association (TECA), as well as local utility officials hoping to expand services, any increase in expenditures to expand service will be matched with an increase in subscriber fee revenue.
- Due to unknown factors, such as the number of expansions that will take place, an estimate of the cost of each expansion, and the number of customers the expansion will reach, a precise impact cannot be determined. However, the permissive recurring increase in local revenue, and the permissive recurring increase in local expenditures are reasonably estimated to exceed \$450,000.

**IMPACT TO COMMERCE:**

**Other Commerce Impact – Potential change in business revenue to private providers of internet subscriber services due to increased competition. The magnitude of any such revenue change, as well as the directional change, cannot be determined for such impacts are dependent upon behavioral responses to subscriber price changes made by private providers in response to local utilities entering the market.**

Assumption:

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- The market response by private providers as a result of utilities entering the internet subscriber market may be to increase or lower subscriber prices. The end result of any such action could be an increase or decrease in business revenue depending on the extent of the behavioral response to any price change. As a result, a precise impact to commerce cannot be determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

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